

ASSEMBLY BILL

No. 484

Introduced by Assembly Member Kuehl

February 18, 1999

An act to add Sections 17053.51 and 23650 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 484, as introduced, Kuehl. Income and bank and corporation taxes: credit: intellectual property.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize a credit against those taxes in an amount equal to an unspecified percentage of the qualified cost of qualified property that is placed in service in this state during the taxable or income year and used in the development and distribution of intellectual property.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares that
2 the production of intellectual property, including motion
3 picture and television production, sound recording, and
4 book and periodical publication, are an essential part of

1 the California economy, employing thousands of
2 Californians in a broad range of pursuits. The
3 contributions of the intellectual property sector are not
4 only economic, but also enhance and enrich the unique
5 cultural diversity of California. The Legislature further
6 finds retention of these key California industries should
7 be a major goal of state and local policy, and that a major
8 element of that policy should be to make California a
9 competitive and desirable place for these industries to
10 develop intellectual property. Finally, the Legislature
11 finds that because of the mobility of the intellectual
12 property sector of the economy, and because certain costs
13 of doing business in California are higher than other
14 states, it is necessary for California to offer tax incentives
15 to ensure the industry remains in California.

16 SEC. 2. Section 17053.51 is added to the Revenue and
17 Taxation Code, to read:

18 17053.51. (a) A qualified taxpayer shall be allowed a
19 credit against the “net tax,” as defined in Section 17039,
20 equal to ____ percent of the qualified cost of qualified
21 property that is placed in service in this state during the
22 taxable year and used in the development and
23 distribution of intellectual property.

24 (b) In the case where the credit allowed by this section
25 exceeds the “net tax,” the excess may be carried over to
26 reduce the “net tax” in the following year, and
27 succeeding years if necessary, until the credit is
28 exhausted.

29 SEC. 3. Section 23650 is added to the Revenue and
30 Taxation Code, to read:

31 23650. (a) A qualified taxpayer shall be allowed a
32 credit against the “tax,” as defined in Section 23036, equal
33 to ____ percent of the qualified cost of qualified
34 property that is placed in service in this state during the
35 income year and used in the development and
36 distribution of intellectual property.

37 (b) In the case where the credit allowed by this section
38 exceeds the “tax,” the excess may be carried over to
39 reduce the “tax” in the following year, and succeeding
40 years if necessary, until the credit is exhausted.



1 SEC. 4. This act provides for a tax levy within the
2 meaning of Article IV of the Constitution and shall go into
3 immediate effect.

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